

# **SALES AND USE TAX REVIEW COMMISSION**

## **RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

**BILL NUMBER:** S-1975

**DATE OF  
INTRODUCTION:**12/14/00

**SPONSOR:** Senators Vitale  
and Robertson

**DATE OF  
RECOMMENDATION:**2/22/01

**IDENTICAL BILL:**

**COMMITTEE:** Senate Senior Citizens, Veterans' Affairs and Human Services

### **DESCRIPTION:**

The bill would amend the Sales and Use Tax Act to exempt sales at concession stands in, or on the grounds of, State-owned veterans' homes.

### **ANALYSIS:**

The bill would exempt the concession stands at three State-owned veterans' homes. The rationale for the bill is to reduce the cost of purchases by veterans at concession stands in State veterans' home, for the reason that most veterans have very limited resources for making their purchases. There are two main drawbacks, however, to this reasoning. First, this exemption singles out a group of people, however small and appealing, for a special interest exemption, which is a trend to discourage. Second, the bill provides exemption to concession stands in only one type of State-owned residential facility. It may not be long before the administrators or residents of other State-owned institutions, such as mental hospitals, request a similar exemption. The more that the exemption is extended, the greater the impact will be on state revenues and the greater the potential for abuse, e.g., exempting sales to the general public.

**Page 2**

**RECOMMENDATION:**

The Commission does not recommend enactment of this bill.

**COMMISSION MEMBERS FOR PROPOSAL: 3**

**COMMISSION MEMBERS AGAINST PROPOSAL: 4**

**COMMISSION MEMBERS ABSTAINING: 0**

**COMMISSION MEETING DATE: 2/14/01**